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JAN 19 2012

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIAPOSTED ON WEBSITE
NOT FOR PUBLICATIONUNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

In re)	Case No	11-28853-D-7
)		
ROBERT MATTHEW LANGFIELD and)	Docket Control No	DNL-3
JULIE LEIGH LANGFIELD,)		
)	Date	December 14, 2011
Debtors)	Time	10 00 a m
)	Dept	D
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MEMORANDUM DECISION

Robert Matthew Langfield and Julie Leigh Langfield (the "Debtors") commenced their bankruptcy case by filing a joint voluntary petition on April 8, 2011. On Schedule A of their chapter 7¹ petition, the Debtors listed a one-acre real property parcel located at 3327 and 3331 County Road 88B, Dunnigan, California 95937 (the "Dunnigan Property"). On September 29, 2011, the chapter 7 trustee in this case, J Michael Hopper (the "Trustee"), filed Trustee's Amended Objection to Claim of Homestead Exemption (the "Objection").

The Debtors have claimed a homestead exemption on the

1 Unless otherwise indicated, all Code, chapter, and section references are to the Bankruptcy Code, 11 U S C §§ 101-1532. All Rule references are to the Federal Rules of Bankruptcy Procedure, Rules 1001-9037.

122

1 Dunnigan Property ² The Objection challenges the Debtors'
 2 homestead exemption, arguing, inter alia, that the Debtors'
 3 domicile is not the Dunnigan Property in California, but instead,
 4 is a property located at 417 McCourt Street, Klamath Falls,
 5 Oregon 97601 (the "Klamath Falls Property") Based on the
 6 objective facts, the court agrees that the Debtors' domicile is
 7 the Klamath Falls Property, as such, the Debtors may not claim a
 8 homestead exemption on the Dunnigan Property For the reasons
 9 set forth below, the court will sustain the Objection

10 **I THE DEBTORS' ACTIVITIES IN CALIFORNIA AND OREGON**

11 In their Statement of Financial Affairs ("SOFA"), the
 12 Debtors describe their occupancy in the Dunnigan Property and the
 13 Klamath Falls Property as follows

14 <u>Property</u>	<u>Dates of Occupancy</u>
15 The Dunnigan Property	02/2011-Present
16 The Klamath Falls Property	10/2010-02/2011
17 The Dunnigan Property	05/2008-10/2010
18 The Klamath Falls Property	03/1983-05/2008 ³

19 The Debtors have owned and occupied the Klamath Falls Property
 20 since March 1983 ⁴ On May 21, 2008, the Debtors entered into a
 21

22
 23 ² Initially, the Debtors asserted the homestead exemption
 24 under Cal Code Civ Proc § 704 730 Schedule C, filed April 8,
 25 2011 Subsequently, the Debtors amended their schedules and
 changed the law providing the claimed exemption to Cal Code Civ
 Proc § 704 950 Amended Schedule C, filed October 14, 2011
 The value of the claimed exemption is \$127,958 00

26 ³ SOFA at Question #15

27 ⁴ Declaration of J Michael Hopper in Support of Trustee's
 28 Objection to Claim of Homestead Exemption, filed September 28,
 2011 ("Dec Trustee") at ¶ 5

1 land sale contract to purchase the Dunnigan Property ⁵ On August
 2 11, 2008, the Debtors proceeded to close escrow on their purchase
 3 of the Dunnigan Property ⁶

4 According to Evelyn Pettit Rollins ("Pettit"), the estranged
 5 wife of Julie Langfield's father, Willard Rollins ("Rollins"), on
 6 or about December 2008, the Debtors proposed that Pettit and
 7 Rollins could live at the Dunnigan Property, rent-free, if Pettit
 8 agreed to finance the purchase and installation of a modular home
 9 on the Dunnigan Property ⁷ After Pettit advanced funds, the
 10 Debtors commenced a substantial construction project to make
 11 improvements on the Dunnigan Property, including the installation
 12 of the modular home ⁸ After the modular home was installed in
 13 August 2009, Pettit and Rollins relocated from Arizona to the
 14 Dunnigan Property ⁹ According to Pettit, in October 2009, the
 15 Debtors made entreaties to Pettit and Rollins to relocate to
 16 Oregon, nevertheless, at that time, Pettit and Rollins remained
 17 at the Dunnigan Property ¹⁰ Pettit claims that, during the
 18 construction project, the Debtors occupied the Klamath Falls

21
 22 5 Exhibits Binder #1 to Trustee's Objection to Claim of
 23 Homestead Exemption, filed September 28, 2011, Exh F ("May 20,
 2008 Residential Purchase Contract")

24 6 Dec Trustee at ¶ 15

25 7 Declaration of Evelyn Pettit in Support of Objection to
 Exemption, filed September 28, 2011 ("Dec Pettit") at ¶ 4

26 8 Dec Pettit at ¶ 5

27 9 Dec Pettit at ¶ 7

28 10 Dec Pettit at ¶ 8

1 Property and the Dunnigan Property ¹¹

2 There are conflicting accounts of Robert Langfield's
3 affiliations with churches in Dunnigan, California and in Klamath
4 Falls, Oregon. The Debtors assert that Robert Langfield worked
5 as a pastor for Dunnigan Christian Community Church / Zamora
6 Church in Dunnigan, California from May 2008 through July 4,
7 2010. Prior to that, Robert Langfield was a pastor at Klamath
8 Calvary Chapel in Klamath Falls, Oregon ¹². The Debtors also
9 assert that, between August 2010 through September 2011, the
10 Debtors "commuted" from Thursday through Sunday to conduct
11 "religious works" in Oregon ¹³. The Trustee, on the other hand,
12 presents evidence that Robert Langfield resigned from his post as
13 a pastor in California on May 2, 2010 ¹⁴. According to Pettit, on
14 or about August 2010, Robert Langfield launched a new church in
15 Klamath Falls, Oregon called, "Revolution Church" ¹⁵.

16 On or about June 2010, Pettit, in an effort to protect her
17 "investment" in the Dunnigan Property, demanded "something in
18

19 _____
20 11 Dec Pettit at ¶ 6. The Klamath Falls Property consists
21 of an apartment and a house, between July 26, 2008 and August 1,
22 2010, the Debtors rented the house to a third party. Exh E in
Support of Opposition to Trustee's Objection to Claim of
Homestead Exemption, filed October 11, 2011 ("Lease purchase
agreement")

23 12 Opposition to Trustee's Objection to Claim of Homestead
24 Exemption, filed October 11, 2011 ("Opposition") at 9 14-17

25 13 Opposition at 9 17-19

26 14 Dec Pettit at ¶ 9

27 15 Exhibits Binder #3 to Trustee's Objection to Claim of
28 Homestead Exemption, filed November 22, 2011, Exh M ("Evelyn
Pettit Declaration, dated November 19, 2011") ("Dec Pettit #2")
at ¶ 15

1 writing" from Robert Langfield ¹⁶ In response, in a telling
 2 letter dated June 15, 2010, Robert Langfield made various
 3 statements that evince the Debtors' true intent with respect to
 4 the Dunnigan Property

5 In the letter, Robert Langfield acknowledged that Pettit had
 6 agreed to finance the project on the Dunnigan Property, where the
 7 funds contributed would pay Robert Langfield for his time and
 8 labor "to make your [Pettit's] home ready,"¹⁷ and he alludes to
 9 protecting an "investment "¹⁸ Robert Langfield's letter also
 10 contains plain statements regarding the Debtors' intention to
 11 move to their true home in Oregon ¹⁹ Moreover, the Debtors
 12 registered all three of their motor vehicles in Oregon, and,
 13 Robert Langfield obtained a business license in Oregon and
 14 registered to vote there, in September 2010 and November 2010,
 15 respectively ²⁰

16 II THE POSITIONS OF THE PARTIES

17 The Trustee posits three arguments to support the Objection
 18

19 16 Dec Pettit #2 at ¶ 3

20 17 Dec Pettit #2 ("Letter from Robert Langfield addressed
 21 to Pettit and Rollins, dated June 15, 2010") ("R Langfield
 Letter") at ¶ 2

22 18 Dec Pettit #2, R Langfield Letter at ¶ 5 ("[W]e will
 23 seek godly counsel to protect our investments,") and ¶ 13 ("[W]e
 24 need to complete the checklist from the building department to
 permit our barn into a house in order to protect and know what
 our final investment figures will be ")

25 19 Dec Pettit #2, R Langfield Letter at ¶ 11 ("Julie and
 26 I will do what is right from Dads [sic] disappointment
 27 with my feeling the Lord [is] leading us to move back home to
 Oregon"), at ¶ 15 ("We will revisit these issues after we
 move ")

28 20 Dec Pettit #2 at ¶ 16

1 (1) the Debtors were and are domiciled in Oregon, not California,
2 (2) the Dunnigan Property is the property of a joint venture
3 between Pettit and the Debtors, and (3) the purported homestead
4 was acquired by defrauding Pettit, and therefore, cannot be
5 claimed as exempt

6 The Debtors oppose the Motion They contend that (1) the
7 Debtors have established an intent in relocating from Oregon to
8 California to change their domicile to California, (2) the
9 Dunnigan Property is not the property of a joint venture between
10 Pettit and the Debtors, and (3) the Debtors did not acquire the
11 homestead by fraud

12 As discussed below, the court finds that the Klamath Falls
13 Property is the true domicile of the Debtors, since the court
14 finds that the Debtors' domicile is not in California -- a
15 threshold matter that negates the availability of a homestead
16 exemption in the Dunnigan Property -- the court will not address
17 other grounds advanced by the Trustee in support of the
18 Objection

19 III ANALYSIS

20 This court has jurisdiction over the Objection pursuant to
21 28 U S C §§ 1334 and 157(b)(1) The Objection is a core
22 proceeding under 28 U S C § 157(b)(2)(B)

23 A Applicable Legal Standards

24 When a debtor files for bankruptcy, a bankruptcy estate is
25 created, which includes all of the debtor's legal or equitable
26 interests in property at the commencement of the case § 541(a)
27 Under section 522(b)(1), a debtor may exempt certain kinds of
28

1 property from the estate ²¹ Under section 522(b)(2), a state may
2 "opt out" of the exemptions provided in section 522(d)
3 California is such an "opt out" state

4 As a threshold matter, a debtor may claim as exempt only
5 that property which would be exempt under the laws "applicable on
6 the date of the filing of the petition to the place in which the
7 debtor's domicile has been located for the 730 days immediately
8 preceding the date of the filing of the petition or if the
9 debtor's domicile has not been located in a single State for such
10 730-day period, the place in which the debtor's domicile was
11 located for 180 days immediately preceding the 730-day period or
12 a longer portion of such 180-day period than in any other place "

13 § 522(b)(3)(A) As the objecting party, the Trustee bears the
14 burden of proving that the Debtors' claim of exemption is not
15 proper Rule 4003(c), Carter v. Anderson (In re Carter), 182
16 F.3d 1027, 1029 n.3 (9th Cir. 1999) The validity of a claimed
17 exemption is determined as of the date of the filing of the
18 bankruptcy petition § 522(b)(3)(A), Culver, L.L.C. v. Chiu (In
19 re Chiu), 226 B.R. 743, 751 (9th Cir. B.A.P. 2001)

20 The meaning of the term "domicile" in a federal statute
21 presents a federal question to be determined under federal common
22 law unless Congress unambiguously adopts state law Donald v.
23 Curry (In re Donald), 328 B.R. 192, 200 (9th Cir. B.A.P.
24 2005) (citing Kantor v. Wellesley Galleries, Ltd., 704 F.2d 1088
25 (9th Cir. 1983)) In general, a "domicile is one's permanent

26 _____
27 21 § 522(b)(1) ("Notwithstanding section 541 of [title 11],
28 an individual debtor may exempt from property of the estate the
property listed in either paragraph (2) or, in the alternative,
paragraph (3) of this subsection ")

1 home, where one resides with the intention to remain or to which
2 one intends to return and to which certain rights and duties are
3 attached " Id at 202 (citations omitted) "Everyone has a
4 domicile and nobody has more than one domicile at a time," and
5 "[o]nce established, [a] domicile continues until superseded by
6 another domicile " Id

7 Thus, generally, the question is whether a debtor has the
8 requisite subjective intent to remain or to return to a
9 particular location The court must make a factual inquiry that
10 requires consideration of all attendant circumstances "One's
11 own declarations regarding intent are pertinent but ordinarily
12 will be substantially discounted by the court when inconsistent
13 with objective facts " Id at 203 (citations omitted), Dist of
14 Columbia v Murphy, 314 U S 441, 456 (1941) (noting that a
15 declaration regarding intent for the purposes of determining
16 domicile "is to be given full and fair consideration, but is
17 subject to the infirmity of any self-serving declaration, and may
18 frequently lack persuasiveness or even be contradicted or
19 negatived by other declarations and inconsistent acts")

20 As outlined below, based on objective facts, and giving the
21 Debtors' self-serving declarations due consideration, the court
22 concludes that the Debtors' domicile is in Oregon The court's
23 determination that, during the relevant period, the Debtors'
24 domicile was in Oregon, effectively ends the inquiry of the
25 propriety of the Debtors' claimed homestead exemption the
26 Debtors' may not claim a homestead exemption on the Dunnigan
27 Property

28 / / /

B The Debtors' Intent Was to Remain in or to Return to Oregon

Under § 522(b)(3)(A), the court will examine two time periods to determine the Debtors' domicile. If the Debtors' domicile has been located in a single state for the 730-day period immediately preceding the date of the filing of the petition, then that is the only period of time the court will examine. If, however, during the 730-day period, the Debtors' domicile has not been located in a single state, then the court will examine the place in which the Debtors' domicile was located for the 180-day period immediately preceding the 730-day period, or for a longer portion of such 180-day period than in any other place. Because the court is satisfied that the Debtors' domicile was in Oregon during the 730-day period immediately before the commencement of this case (i.e., April 8, 2009 through April 8, 2011), the court need not examine the 180-day period immediately before the 730-day period.

The Debtors have owned the Klamath Falls Property since March 1983. In their SOFA, the Debtors indicated continuous occupation of this property from March 1983 through May 2008. The break in the chain coincided with the Debtors' purchase of the Dunnigan Property in May 2008. Escrow on that purchase, however, did not close until August 11, 2008. A few months after becoming the lawful owners of the Dunnigan Property, the Debtors made arrangements with Pettit to finance a construction project on the Dunnigan Property. The court finds that the motivation to make improvements on the Dunnigan Property was either a decision to make an investment, a decision to supply a home for relatives, or both.

1 The Dunnigan Property was under construction from early 2009
2 until about August 2009. Soon thereafter, when the modular home
3 was ready to be occupied, Pettit and Rollins relocated from
4 Arizona to the Dunnigan Property. During 2009, it appears that
5 the Debtors had not spent much time actually living at the
6 Dunnigan Property. In fact, the Debtors requested that Pettit
7 and Rollins move to Klamath Falls, Oregon. This was in October
8 2009.

9 The following year, in 2010, there were further changes in
10 the Debtors' affairs that demonstrate the impermanence of the
11 Debtors' ties to California. While the Trustee asserts that
12 Robert Langfield ceased duties as a pastor in Dunnigan,
13 California on May 2, 2010, the Debtors indicate that he was a
14 pastor until July 4, 2010. At any rate, Robert Langfield ceased
15 to be a pastor in California during the summer of 2010.
16 Beginning in August of 2010, the Debtors were significantly
17 involved in "religious works" in Klamath Falls, Oregon. It is
18 inconsistent that the Debtors claim that their true domicile is
19 in California, when, in the fall of 2010, they obtained a
20 business license and launched a new church in Oregon.

21 In perhaps the most damaging evidence against the Debtors'
22 position, Robert Langfield wrote to Pettit and Rollins on June
23 15, 2010. In no uncertain terms, he indicated the Debtors'
24 desire "to move back home to Oregon," and impressed upon Pettit
25 that they would revisit their financial issues "after we move."
26 In the same letter, Robert Langfield refers to the Dunnigan
27 Property as a mere investment rather than a future home. To
28 boot, the Debtors maintained three motor vehicles, all of which

1 are registered in Oregon, and they are registered to vote in
2 Oregon

3 Finally, the Debtors' own SOFA indicates that they occupied
4 the Klamath Falls Property, exclusively, from October 2010
5 through February 2011 After examining the objective
6 circumstances and the Debtors' mixed activities in California and
7 Oregon, the court concludes that, between April 8, 2009 and April
8 8, 2011, the Debtors' domicile was, in fact, the Klamath Falls
9 Property Robert Langfield's statements in his letter to Pettit
10 and Rollins clearly evince the subjective intentions of the
11 Debtors Moreover, certain rights of the Debtors, such as
12 vehicular and voter registrations, are attached to the state of
13 Oregon ²²

14 IV CONCLUSION

15 The court concludes that the Debtors had the subjective
16 intention of maintaining their permanent home in Oregon, and
17 thus, that the Objection should be sustained

18 The court will enter an appropriate order

19
20
21 Dated January 19, 2012



ROBERT S BARDWIL
United States Bankruptcy Judge

22
23
24
25
26
27 ²² While the court considered the Debtors' declarations in
28 support of their opposition to the Objection, the court
substantially discounted their probative weight since objective
facts appeared to contradict the declarations

1 PLEASE SERVE THE FOLLOWING PARTIES

2

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